

SENATE BILL NO. 491

INTRODUCED BY E. STONINGTON

BY REQUEST OF THE SENATE FINANCE STANDING COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE USE OF THE RESEARCH AND COMMERCIALIZATION ACCOUNT FOR THE PAYMENT OF THE ADMINISTRATIVE COSTS INCURRED BY THE BOARD OF RESEARCH AND COMMERCIALIZATION TECHNOLOGY IN ADMINISTERING RESEARCH AND COMMERCIALIZATION PROJECTS; AMENDING SECTIONS 90-3-1001, 90-3-1002, AND 90-3-1003, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 90-3-1001, MCA, is amended to read:

"90-3-1001. Purpose -- definition. (1) The purpose of establishing a research and commercialization special revenue account in 90-3-1002 and 90-3-1003 is to:

(a) provide a predictable and stable source of funding for research and commercialization projects conducted in the state that demonstrates to both private and public sources, including federal research granting agencies, that Montana recognizes the important contributions that research and commercialization endeavors offer to the state's basic industries;

(b) expand and strengthen research efforts for the state's basic industries to increase their economic impact on the state's economy; ~~and~~

(c) expand research efforts into areas beyond the scope of the state's basic industries to diversify and strengthen the state's economic security through the creation of technology-based operations and long-term quality jobs; and

(d) pay costs of administering this part pursuant to 90-3-1003.

(2) As used in 90-3-1002 and 90-3-1003, "research and commercialization center" means the campuses of the university of Montana or Montana state university, tribal colleges, colleges of technology, community colleges, agricultural research centers, or a private laboratory or research center."

1 **Section 2.** Section 90-3-1002, MCA, is amended to read:

2 **"90-3-1002. Research and commercialization account.** (1) There is a research and commercialization
3 special revenue account within the state treasury. The purpose of the account is to establish a permanent source
4 of funding for research and commercialization projects to be conducted at research and commercialization
5 centers in the state and to pay the costs of administering those projects.

6 (2) The research and commercialization account must be invested by the board of investments.
7 Earnings on the account must be deposited in the account for distribution pursuant to 90-3-1003(3), (4), and (7)."

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9 **Section 3.** Section 90-3-1003, MCA, is amended to read:

10 **"90-3-1003. Research and commercialization account -- use.** (1) The research and
11 commercialization account provided for in 90-3-1002 is statutorily appropriated, as provided in 17-7-502, to the
12 board of research and commercialization technology, provided for in 2-15-1819, for the purposes provided in
13 this section.

14 (2) The establishment of the account in 90-3-1002 is intended to enhance the economic growth
15 opportunities for Montana and constitute a public purpose.

16 (3) The account may be used only for:

17 (a) loans that are to be used for research and commercialization projects to be conducted at research
18 and commercialization centers located in Montana;

19 (b) grants that are to be used for production agriculture research and commercialization projects to be
20 conducted at research and commercialization centers located in Montana; ~~or~~

21 (c) matching funds for grants from nonstate sources that are to be used for research and
22 commercialization projects to be conducted at research and commercialization centers located in Montana; or

23 (d) administrative costs that are incurred by the board in carrying out the provisions of this part.

24 (4) At least 20% of the account funds approved for research and commercialization projects must be
25 directed toward projects that enhance production agriculture.

26 (5) An applicant for a grant shall provide matching funds from nonstate sources equal to 25% of total
27 project costs. The requirement to provide matching funds is a qualifier, but not a criterion, for approval of a grant.

28 (6) The board shall establish policies, procedures, and criteria that achieve the objectives in its research
29 and commercialization strategic plan for the awarding of grants and loans. The criteria must include:

30 (a) the project's potential to diversify or add value to a traditional basic industry of the state's economy;

(b) whether the project shows promise for enhancing technology-based sectors of Montana's economy or promise for commercial development of discoveries;

(c) whether the project employs or otherwise takes advantage of existing research and commercialization strengths within the state's public university and private research establishment;

(d) whether the project involves a realistic and achievable research project design;

(e) whether the project develops or employs an innovative technology;

(f) verification that the project activity is located within the state;

(g) whether the project's research team possesses sufficient expertise in the appropriate technology area to complete the research objective of the project;

(h) verification that the project was awarded based on its scientific merits, following review by a recognized federal agency, philanthropic foundation, or other private funding source; and

(i) whether the project includes research opportunities for students.

(7) The board shall direct the state treasurer to distribute funds for approved projects. Unallocated interest and earnings from the account must be retained in the account. Repayments of loans and any agreements authorizing the board to take a financial right to licensing or royalty fees paid in connection with the transfer of technology from a research and commercialization center to another nonstate organization or ownership of corporate stock in a private sector organization must be deposited in the account.

(8) The board shall refer grant applications to external peer review groups. The board shall compile a list of persons willing to serve on peer review groups for purposes of this section. The peer review group shall review the application and make a recommendation to the board as to whether the application for a grant should be approved. The board shall review the recommendation of the peer review group and either approve or deny a grant application.

(9) The board shall identify whether a grant or loan is to be used for basic research, applied research, or some combination of both. For the purposes of this section, "applied research" means research that is conducted to attain a specific benefit or solve a practical problem and "basic research" means research that is conducted to uncover the basic function or mechanism of a scientific question."

NEW SECTION. **Section 4. Effective date.** [This act] is effective July 1, 2003.

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